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Release Date 6/8/11

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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COMPONENT UNIT FINANCIAL STATEMENTS

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Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Wade Knight, Vice President
and Members of the Board of Commissioners
Fifth Ward Gravity Drainage District
No. 5 of Lafourche Parish
164 West Main
Thibodaux, Louisiana 70301

We have reviewed the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish, component unit of the Lafourche Parish Police Jury, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated May 10, 2010, on the results of agreed-upon procedures.

The management's discussion and analysis and schedule of compensation paid to board members are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Mary Sue Stages, CPA

Mary Sue Stages, CPA
A Professional Accounting Corporation
April 13, 2011

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

Managements' Discussion and Analysis (MD&A) is a required component of financial reporting to provide an objective and easily readable analysis of the Fifth Ward Gravity Drainage District No. 5's (hereafter referred to as the District) financial activities based on currently known facts, decisions or conditions. Management has included this narrative overview and analysis of the financial activities of District to hopefully assist users in assessing whether financial position has improved or deteriorated as a result of the year's activities

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's component unit financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include a 1) statement of net assets and 2) statement of activities. Each statement should distinguish between the governmental and business-type activities of the primary government by reporting each in separate columns. The District has only governmental activities and, therefore, there is only one column presented in the accompanying financial statements.

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on revenues provided by its taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include activities related to drainage.

The government-wide financial statements can be found on pages 11-12 of this report.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The District has only one category of funds: governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the District's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

The fund financial statements can be found on pages 14-17 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 19 with the actual notes beginning immediately afterwards.

Other information. In addition to the component unit financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons on page 31. This schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the government's budgetary basis.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets serve as a useful indicator of the District's financial position from year to year. The following is a summary of the District's net assets:

**SUMMARY OF NET ASSETS
Governmental Activities**

	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 600,742	\$ 453,721
Investments	65,245	114,649
Capital assets, net	<u>135,820</u>	<u>149,304</u>
 Total assets	 801,807	 717,674
Liabilities:		
Current liabilities	3,064	3,516
Net Assets:		
Investment in capital assets, net of related debt	135,820	149,304
Unrestricted	<u>662,923</u>	<u>564,854</u>
 Total net assets	 <u>798,743</u>	 <u>714,158</u>

Net assets increased by \$84,585 in the current year. In the prior year, the increase was \$79,444. The greater change in 2010, is due primarily because of higher revenues realized than in 2009.

The following table provides a summary of the District's changes in net assets:

**SUMMARY OF CHANGES IN NET ASSETS
Governmental Activities**

	<u>2010</u>	<u>2009</u>
Revenues:		
General revenues:		
Property taxes	\$ 197,835	\$ 170,292
Revenue sharing	11,241	11,258
Interest	<u>2,877</u>	<u>4,661</u>
 Total revenues	 211,953	 169,439

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

Expenses:		
General government	\$ 4,662	\$ 2,239
Drainage work	<u>122,706</u>	<u>104,529</u>
Total expenses	<u>127,368</u>	<u>106,768</u>
Increase in net assets	84,585	79,443
Net assets, beginning of year	<u>714,158</u>	<u>634,715</u>
Net assets, end of year	<u>798,743</u>	<u>714,158</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for 2010 included \$186,500 in revenues. Actual revenues of \$211,953 surpassed that amount by \$25,453 or 13%.

Expenditures were budgeted at \$106,250 but \$113,884 was actually expended. This overage of \$7,634 was 7% over budgeted amounts. The most significant categories of expenses that was above budget included rent, salaries/taxes and capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for its governmental activities as of December 31, 2010, was \$135,820. The cost of these assets is \$216,419. Accumulated depreciation of \$80,599 brings the book value of the District's capital assets to \$135,820.

During the current year, the District purchased two portable tool chests at a cost of \$527. In the previous year, \$26,630 was expended on a Chevy Silverado. There were no other capital expenditures.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

A summary of capital assets, net of accumulated depreciation, by major category is as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Governmental Activities		
	<u>2010</u>	<u>2009</u>
Depreciable Assets:		
Vehicles/boats	\$ 27,490	\$ 33,612
Equipment	<u>108,330</u>	<u>115,692</u>
Total	<u>135,820</u>	<u>149,304</u>

Long-Term Debt. The District remains debt-free as of the end of the current year.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGET

Management is comprised of five Board Commissioners who are appointed by the Lafourche Parish Council. The commissioners do not receive any compensation. All are overdue to be replaced with new members.

The Board is authorized to open and maintain all natural drains (ditches and canals) in the District where drainage is accomplished by the force of gravity. The District covers the entire 5th Ward of Lafourche Parish. It has two full time employees.

Prior to entering property for ditch cleaning, the Parish obtains a right-of-way from the landowners. This previously was done by a parish employee. Now it must go before the Parish Council to have a right-of-way accepted. This tremendously slows down the process of scheduling where and when to send the equipment to work. Any landowner in the 5th Ward is entitled to have their canals cleaned by the District.

These employees maintain about 18 miles of major canals and 22 miles of smaller canals and ditches using a boat to spray weeds and an excavator to dig out silt.

Significant changes in 2011 are not anticipated. The millage will remain the same. With a slower growth rate in the 5th Ward, there should still be an increase in the tax base, but not materially so.

Expenses should remain near the previous year although the cost of fuel dictates that this category will be more than in prior years. This category has consistently increased over the past several years.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2010**

Although interest rates are not anticipated to continue to drop as in prior years, the District redeemed one of its certificate of deposit during 2010, thereby decreasing its earnings potential in this area.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Fifth Ward Gravity Drainage District No. 5's finances for all those with an interest in this government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at T. S. Kearns & Co., CPAs, 164 West Main, Thibodaux, Louisiana 70301, 985-447-4833.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 470,669.18
Receivables, net	130,073.03
Investments	65,245.13
Capital assets, net of accumulated depreciation	<u>135,819.89</u>
Total Assets	801,807.23
 <u>LIABILITIES</u>	
Accounts payable	2,357.90
Payroll and related payables	<u>706.20</u>
Total Liabilities	<u>3,064.10</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	135,819.89
Unrestricted	<u>662,923.24</u>
Total Net Assets	<u><u>798,743.13</u></u>

See Accompanying Notes and Independent Accountants' Review Report

FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

<u>Functions/Programs</u>	<u>Programs Revenues</u>				<u>Net Revenues (Expenses)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental Activities						
General government	\$ 4,662.30	\$ -	\$ -	\$ -	\$	(4,662.30)
Drainage work	122,705.76	-	-	-		(122,705.76)
Total Governmental Activities	127,368.06	-	-	-		(127,368.06)
General Revenues						
Property taxes						197,835.16
Revenue sharing						11,241.03
Interest earned						2,876.60
Total General Revenues						211,952.79
Change in Net Assets						84,584.73
Net Assets, beginning						714,158.40
Net Assets, ending						798,743.13

See Accompanying Notes and Independent Accountants' Review Report

FUND FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 470,669.18
Receivables, net:	
Taxes	122,581.65
Revenue sharing	7,491.38
Investments	<u>65,245.13</u>
TOTAL ASSETS	<u>665,987.34</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	2,357.90
Payroll and related payables	<u>706.20</u>
Total Liabilities	3,064.10
 Fund Balances:	
Unreserved	<u>662,923.24</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>665,987.34</u>

See Accompanying Notes and Independent Accountants' Review Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Total Fund Balances - Governmental Funds	\$ 662,923.24
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Amounts reported for governmental activities
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not
current financial resources and, therefore, are not reported
in the Governmental Funds Balance Sheet.

<u>135,819.89</u>

Total Net Assets - Governmental Activities	<u><u>798,743.13</u></u>
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See Accompanying Notes and Independent Accountants' Review Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>General Fund</u>	
	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Property taxes	\$ 197,835.16	\$ 170,292.97
Revenues sharing	11,241.03	11,257.59
Interest earned	2,876.60	4,660.72
Total Revenues	211,952.79	186,211.28
<u>EXPENDITURES</u>		
Advertising	110.00	198.00
Fuel	7,279.19	5,059.90
Insurance	14,360.59	12,587.61
Licenses	10.00	36.50
Material and supplies	11,256.46	6,010.74
Office supplies and expenses	88.00	202.80
Pension fund/assessors' fees	6,275.84	6,084.49
Professional fees	4,464.30	1,837.85
Repairs and maintenance	9,525.66	10,575.15
Rent	4,142.00	1,296.00
Salaries and related benefits	55,845.10	51,825.79
Capital outlay	527.27	26,630.00
Total Expenditures	113,884.41	122,344.83
Net Change in Fund Balances	98,068.38	63,866.45
Fund Balances, beginning	564,854.86	500,988.41
Fund Balances, ending	662,923.24	564,854.86

See Accompanying Notes and Independent Accountants' Review Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Net Change in Fund Balances - Governmental Funds	\$ 98,068.38
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Amounts reported for governmental activities
in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which depreciation
exceeded capital outlay during the year.

<u>(13,483.65)</u>

Change in Net Assets of Governmental Activities	<u><u>84,584.73</u></u>
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See Accompanying Notes and Independent Accountants' Review Report

NOTES TO FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

INTRODUCTION

The Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish was created by the Lafourche Parish Council on February 10, 1965, as authorized by Louisiana Revised Statute 38:1751. A Board of five commissioners who are appointed by the Lafourche Parish Council governs the District. The Board of Commissioners has elected to receive no compensation for their services.

The District is authorized to open and maintain all natural drains in the District where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches and canals. The District covers the entire Fifth Ward of Lafourche Parish and has two full-time employees. It maintains approximately 18 miles of major drainage canals and 22 miles of smaller drainage canals and ditches using a boat to spray weeds and an excavator to dig silt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies used by the District:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

For reporting purposes, the Lafourche Parish Police Jury is the governing authority of the District. Based on the criterion listed above, it is determined that the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish is a component unit of the Lafourche Parish Police Jury. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unit or other governmental units that comprise the reporting entity.

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net assets and statement of activities. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively. This did not impact the District, as it does not have any infrastructure assets to report.

Program Revenues

The statement of activities presents three categories of program revenues – charges for services and operating or capital grants/contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Because the District does not have any customers, there are no such revenues. Grants and contributions may be operating or capital in nature. The District did not have any such revenues during the year.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The District has only one fund that is considered a governmental fund. The fund classification and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Governmental funds include:

1. General Fund – is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the statement of activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The District prepares an annual budget for the general fund as required by Louisiana Revised Statute 39:1305. It is prepared on a modified accrual basis of accounting. Budget integration was not employed as a management control device during the year, and there were no amendments to the original budget. Appropriations lapse at year-end. The District reserves all authority to make changes to the budget.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The District has one certificate of deposit with a maturity date extending beyond ninety days.

Capital Assets: The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Dragline and related assets	20 years
Boat	20 years
Equipment	3-7 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as winches and chain saws.

Compensated Absences: The District does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

The District did not have any long-term debt at December 31, 2010.

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2010, the Board had cash and cash equivalents on hand (book balances) totaling \$470,669.18 as follows:

	<u>Governmental Activities</u>
Demand deposits	\$ 1,225.66
Money market savings	<u>469,443.52</u>
Total	<u>470,669.18</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
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DECEMBER 31, 2010**

At December 31, 2010, the District had \$470,669 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$229,000 in pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). As a result, the District does not have any cash or cash equivalents exposed to credit risk.

Even though the pledged securities aren't considered collateralized, under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – INVESTMENTS

Investments of the governmental activities of the District consist of one certificate of deposit held at Regions Bank. Interest earned during the year was reinvested.

	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Regions Bank	\$ <u>65,245.13</u>	0.90%	6/29/11

NOTE 4 – RECEIVABLES

The following is a summary of receivables at December 31, 2010:

	<u>Governmental Activities</u>
Taxes	\$ 122,581.65
Revenue sharing	<u>7,491.38</u>
Total	<u>130,073.03</u>

The District accrued ad valorem taxes in the amount collected by the Sheriff yet remitted to the District after year-end. Some collections are remitted to the District during the year for delinquent taxes, but this amount is immaterial. Therefore, no bad debts or write-offs are recorded in the accompanying financial statements. By closing out the prior year receivables, amounts considered uncollectible are substantially written-off.

NOTE 5 – CAPITAL ASSETS

	Beginning <u>Balance</u>	<u>Additions</u>	Retire- <u>ments</u>	Ending <u>Balance</u>
Governmental Activities				
Capital Assets, being depreciated				
Vehicles/Boat	\$ 60,078.32	\$.00	\$.00	\$ 60,078.32
Less: accumulated depreciation	<u>26,466.23</u>	<u>6,122.05</u>	<u>.00</u>	<u>32,588.28</u>
Net Vehicles/Boats	33,612.09	(6,122.05)	.00	27,490.04
Equipment	155,812.97	527.27	.00	156,340.24
Less: accumulated depreciation	<u>40,121.52</u>	<u>7,888.87</u>	<u>.00</u>	<u>47,910.39</u>
Net Equipment	<u>115,691.45</u>	<u>(7,361.60)</u>	<u>.00</u>	<u>108,329.85</u>
Net Capital Assets, being depreciated	<u>149,303.54</u>	<u>(13,483.65)</u>	<u>.00</u>	<u>135,819.89</u>

Drainage work	\$ <u>14,010.92</u>
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Accounts (trade)	\$ 2,357.90
Payroll and related expenses	<u>706.20</u>
Total	<u>3,064.10</u>

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide any post employment benefits to its employees.

NOTE 9 – LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Maintenance	4.62	4.62

The following are the principal taxpayers for the District:

<u>Taxpayer</u>	<u>Assessed Value</u>
Hornbeck Offshore Services	\$ 28,550,740
Offshore Service Vessel	24,587,750
Nautical Solutions, LLC	16,827,590
Mars Oil Pipeline Co.	15,936,750
LOOP, Inc.	15,453,700
Seacor Offshore, LLC	14,484,170
Discovery Producer Services	14,606,580
Nautical Ventures, LLC	12,591,180
Chevron/Texaco Exploration	12,081,790
Alpha Marine Services, LLC	10,568,420

NOTE 10 – PAYMENTS BY OTHER GOVERNEMENTAL UNITS

Certain operating expenditures of the District are paid by the Lafourche Parish Police Jury. These expenditures include poison spray for vegetation. Because the cost of the materials are immaterial, it is not reported in the accompanying financial statements.

NOTE 11 – RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure in the accompanying financial statements.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 12 – LITIGATION AND CLAIMS

There was no litigation that would require disclosure or reporting in the accompanying financial statements. The District is not aware of any potential or threatened claims.

NOTE 13 – SUBSEQUENT EVENTS

There were no subsequent events that would have a material affect on the accompanying financial statements that occurred between the close of the year and issuance of the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Property taxes	\$ 170,000	\$ 170,000	197,835	27,835
Revenue sharing	11,500	11,500	11,241	(259)
Interest earned	5,000	5,000	2,877	(2,123)
Total Revenues	186,500	186,500	211,953	25,453
<u>EXPENDITURES</u>				
Advertising	500	500	110	390
Fuel	8,000	8,000	7,279	721
Insurance	15,000	15,000	14,361	639
Licenses	50	50	10	40
Material and supplies	6,500	6,500	11,256	(4,756)
Office supplies and expense	200	200	88	112
Pension fund/assessors' fees	6,000	6,000	6,276	(276)
Professional fees	5,000	5,000	4,464	536
Repairs and maintenance	13,500	13,500	9,526	3,974
Rent	1,500	1,500	4,142	(2,642)
Salaries and related benefits	50,000	50,000	55,845	(5,845)
Capital outlay	-	-	527	(527)
Total Expenditures	106,250	106,250	113,884	(7,634)
Net Change in Fund Balances	80,250	80,250	98,068	17,818
Fund Balance, beginning	564,855	564,855	564,855	-
Fund Balance, ending	645,105	645,105	662,923	17,818

See Independent Accountants' Review Report

AGREED-UPON PROCEDURES

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

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P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Wade Knight, Vice President
and Members of the Board of Commissioners
Fifth Ward Gravity Drainage District
No. 5 of Lafourche Parish
164 West Main
Thibodaux, Louisiana 70301

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish's compliance with certain laws and regulations during the year ended December 31, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code), whichever is applicable.

The cash disbursement journal was scanned and there were no expenditures exceeding \$20,000 for materials or supplies or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

No exceptions noted.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

A copy of the legally adopted budget was obtained.

6. Trace the budget adoption and amendments to the minute book.

Adoption was traced to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Exceptions were noted and are further described in the schedule of findings and responses in supplementary information.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation indicated adequate approval processes.

Meetings

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

All meetings were properly posted on the door of the District's meeting place.

Debt

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and found no proceeds of bank loans, bonds or like indebtedness.


Advances and Bonuses

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

Based on an examination of payroll records and minutes, we did not become aware of any payments to employees which may constitute bonuses, advances or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Corporation
April 13, 2011

SUPPLEMENTARY INFORMATION

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
SCHEUDLE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2010**

We have compiled the financial statements of the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish, a component unit of the Lafourche Parish Police Jury, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 13, 2011. We conducted our compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

Financial Statement Findings

2010-01 Compliance with Local Government Budget Act

Criteria. Louisiana Revised Statute 39:1311 - Budgetary authority and control - requires the governing authority to amend its budget if there is a 5% or more variance in revenues or expenditures.

Condition. The expenditures of the District exceeded budgeted amounts by \$7,634 or 7%. The budget was not amended accordingly.

Impact. The District is not in compliance with applicable laws.

Recommendation. We recommend that the budget to actual comparison be performed on a quarterly basis in order to ensure that the District does not exceed its budget authority.

Management's Response. We will comply with this recommendation.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2010**

Financial Statement Findings

Please refer to Management's Response in the schedule of findings and responses

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Mary Sue Stages, CPA, APAC
P. O. Box 30
Baker, Louisiana 70704-0030

In connection with your review of our financial statements as of December 31, 2010, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2010.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations. We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Wade J. Knight Mayor/Clerk/Director 5-26-11 Date
Signatures as applicable